

**SUDBURY
CONTACT
MINES,**

L I M I T E D



**ANNUAL
REPORT**



F O R T H E Y E A R E N D E D D E C E M B E R 3 1 S T

1974

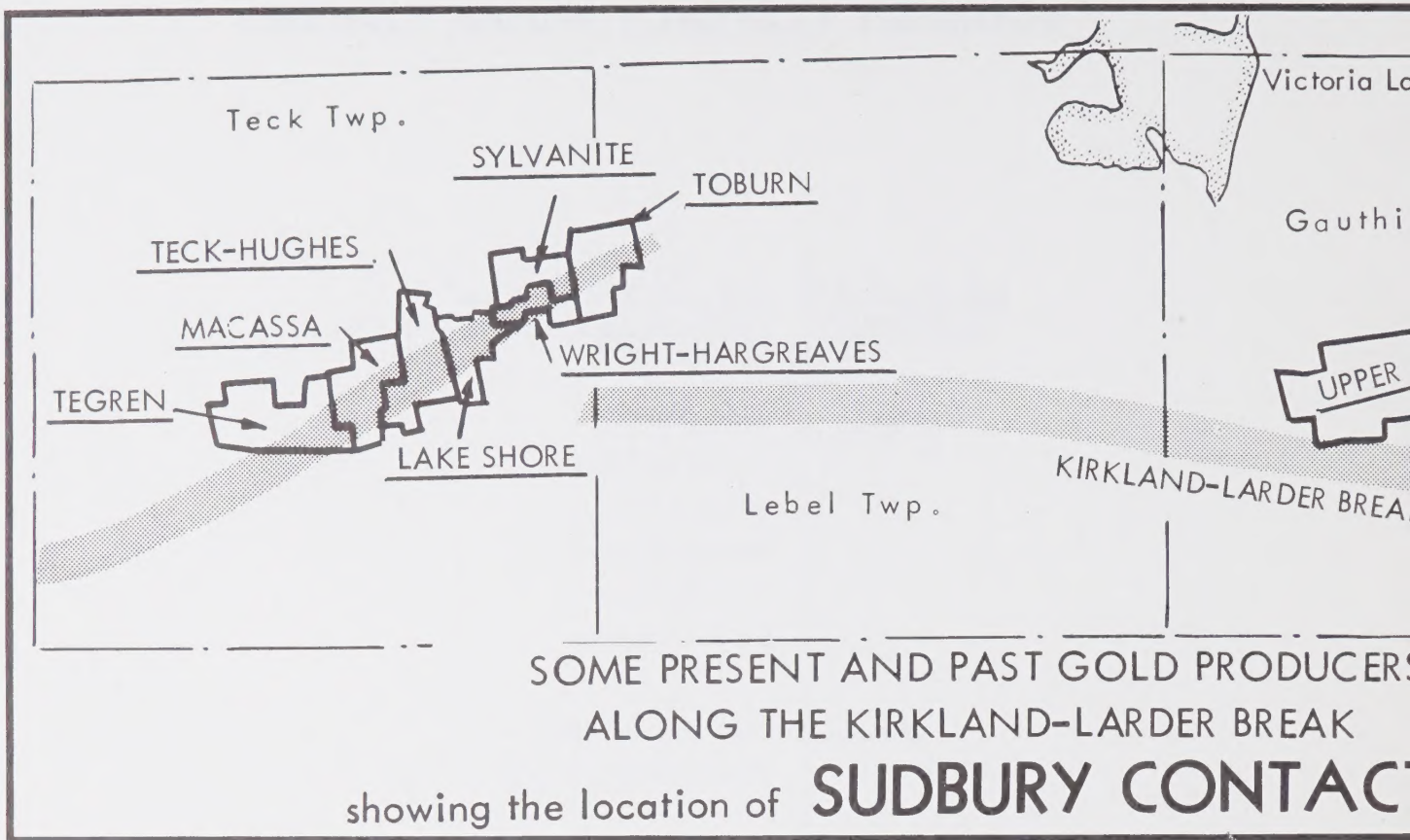


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SUDBURY CONTACT MINES, LIMITED

Executive and Head Office	Suite 300, 365 Bay Street Toronto, Ontario, Canada M5H 2V1
Directors	ARCHIE BASEN ALLEN BINSTOCK MAURY DRUTZ MILTON KLYMAN PAUL PENNA ERNEST SHERIFF
Officers	PAUL PENNA, <i>President</i> MIKEY DRUTZ, <i>Secretary-Treasurer</i>
Consulting Geologist	W. A. HUBACHECK, B.Sc., P.Eng.
Transfer Agent and Registrar	Guaranty Trust Company of Canada Toronto, Ontario
Auditors	Starkman, Kraft, Rothman, Berger & Grill, Chartered Accountants, Toronto, Ontario
Solicitors	Sibley, Righton & McCutcheon Toronto, Ontario
Shares Listed	Toronto Stock Exchange Toronto, Ontario
Annual Meeting	June 27, 1975, 11:00 a.m. (Toronto Time), Confederation Room No. 5, Royal York Hotel, 100 Front Street West, Toronto, Canada



Directors' Report to the Shareholders

The Directors present the audited financial statements of the Company for the year ended December 31, 1974 and also a general review of activities during the year and the subsequent period to date.

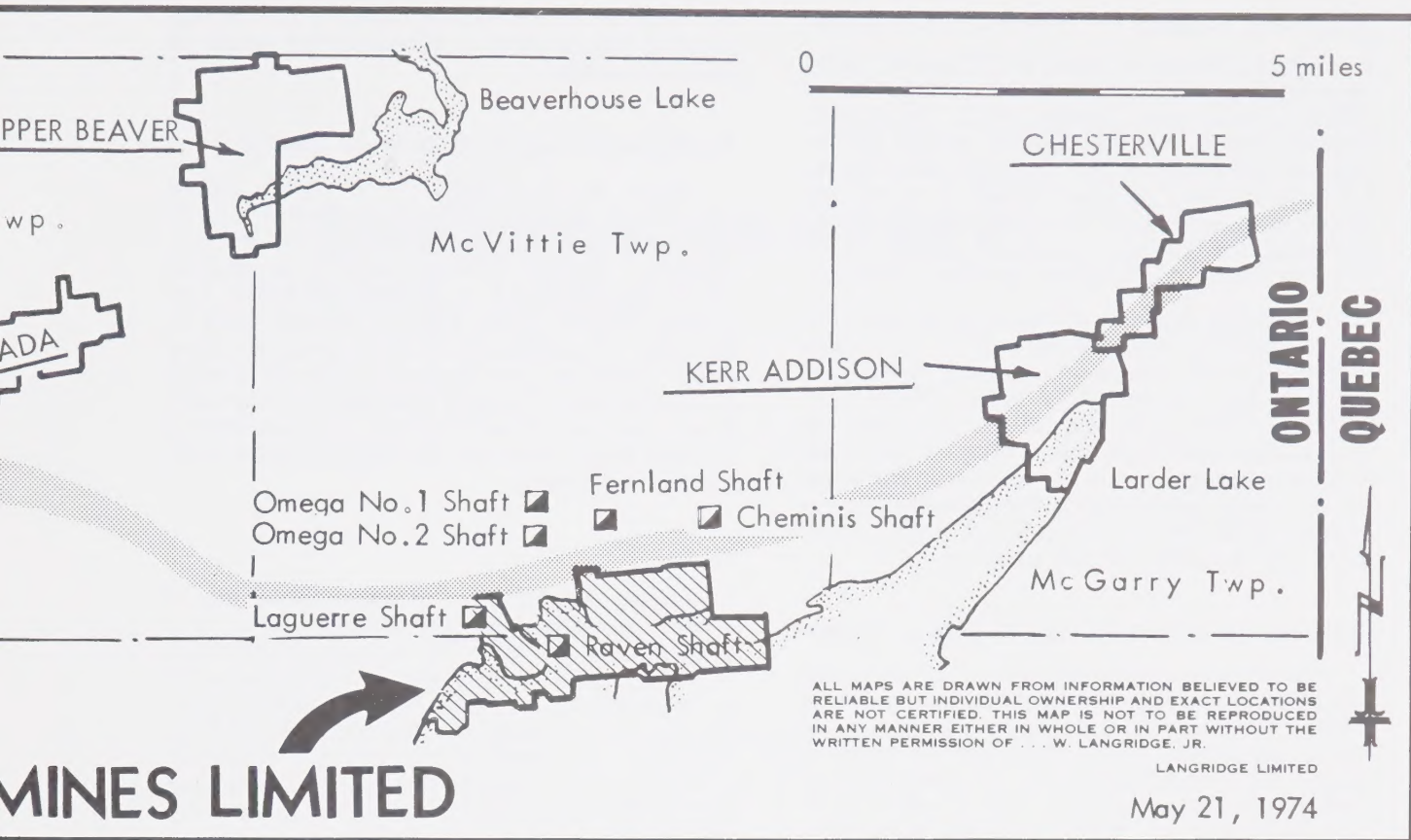
Kirkland-Larder Lake Gold Property — Ontario

This property consists of an assemblage of various old gold mines and properties totalling 51 claims in a single group which includes the Laguerre Gold Mine and the former producing Raven River Mine. As shown on the appended map, this large property is situated about six miles southwest of the veteran gold producing Kerr Addison Mine which has been in continuous operation since 1938.

Both the Laguerre and Raven River mines are developed by shafts with varying amounts of lateral development carried out by former operators. These shafts are approximately 2,500 feet apart. During 1937-1939, the Raven River Mine produced 40,514 tons of ore averaging 0.187 ounce of gold per ton. The Laguerre Mine is developed by a shaft to a depth of 790 feet with four levels established at the 250, 420, 590 and 760 foot horizons.

In the earlier work, a total of 1,750 feet of lateral development was completed on the 250 and 760 foot levels of the Laguerre Mine prior to closing in 1947. In addition, an appreciable amount of underground diamond drilling was carried out, the major portion being concentrated on the bottom or 760 foot level where it was reported that the gold-bearing syenite intrusive had been indicated over a length of 450 feet by 70 feet wide with gold values throughout but for the most part below commercial grade at the then prevailing \$35 gold price.

A thorough evaluation of this extensive property is planned, beginning with the Laguerre Mine, with an overall cost of the proposed program estimated to be \$450,000 to \$500,000. Initially, this phase of the program consists of the setting up of a basic mine plant, site preparation, repairing the shaft collar, rehabilitation of shaft timbers, dewatering the shaft and workings, followed by diamond drill definition drilling of the gold-bearing syenite intrusive. It is estimated that some 16,000 to 18,000 feet of underground diamond drilling will be carried out at the Laguerre Mine.



To date, a basic mine plant has been set up, including the erection of a headframe and installation of a hoist. The shaft is presently dewatered and rehabilitated to a depth of 60 feet and this work will be extended to provide access to all levels down to the 760 foot horizon. On completion of the dewatering and rehabilitation of the shaft timbers, etc., a program of definition drilling is scheduled to commence on the 250 and 760 foot levels by the end of June, 1975.

This will be followed by some lateral development prior to an evaluation. The present program is intended to investigate and evaluate the gold-bearing quartz veins contained in the three syenite intrusives of the Laguerre and nearby Raven River mine areas initially, and as a further ultimate target, the investigation of other known areas of interest elsewhere on the entire claim group.

It is of interest to note that the Kerr Addison Mine which has produced a total of 34.5 million tons of ore since operations commenced in 1938, reports mineable ore reserves at year end 1974 of 1,559,000 tons averaging 0.47 ounce of gold per ton. This includes 485,000 tons grading 0.23

ounce of gold per ton that was reinstated to ore reserves during the year in recognition of the sustained higher gold prices.

Elsewhere in this major gold mining belt, the Macassa Division of Willroy Mines Limited reported 1974 production of 90,186 tons of ore for a recovery of 43,611 ounces of gold worth \$6.7 million and the nearby Lake Shore Mine reports that following a reappraisal of its ore reserves above the 4000 foot level, a feasibility study is underway to determine the possibility of mining these reserves. At year end 1974, Lake Shore reported estimated reserves at 333,600 tons grading 0.422 ounce of gold per ton. In addition, it is stated, an independent review of the exploration potential of the Lake Shore property is being conducted.

The dramatically improved gold climate has generated considerable interest and activity in this important gold mining area. Your Company was fortunate in the timely negotiations for the working option agreement on its claim assemblage in this area during the early part of 1973 when gold prices were less than half those currently prevailing.

Hebecourt Property — Noranda Area, Quebec

This 1,750-acre property in Hebecourt Township has been under option to Falconbridge Nickel Mines Limited since October, 1972. In the subsequent period, Falconbridge has carried out extensive exploration of this property, including the 1973 preliminary program of EM surveying followed by geochemical surveying employing the technique of drilling numerous shallow holes through overburden to obtain samples at bedrock.

The major objective of this program was a test for copper-zinc mineralization in a favourable rhyolite breccia structure extending across the property for a length of 2.5 miles. Wide intersections of low grade zinc values have been cut in diamond drill holes, but nothing of ore grade has been encountered to date. Under the terms of the option agreement, if Falconbridge has expended \$500,000 by November 5, 1975, it will earn a 67% interest in the property.

Cabonga and Maniwaki Area Projects — Quebec

These areas are located about 125 miles and 60 miles, respectively, north of Ottawa, in North-western Quebec. No work was carried out on the Maniwaki Project during 1974 and further work during the current field season has been deferred owing to the higher priority given to other Company undertakings. Work on the Maniwaki Project will be resumed when circumstances permit.

Exploration on the two claim groups designated as the North and South was carried out during the 1974 field season. This consisted of detailed geochemical and geophysical surveys on one significant anomaly previously outlined by the Quebec Government survey on each group. Possible economic sulphide conditions appear more favourable on the North Group anomaly where electromagnetic, magnetic and geochemical anomalies are approximately coincident in an area of high soil tests in copper.

Nickel values predominate on the South Group anomaly. The size of each claim group has been reduced to cover only the most favourable areas, from a total of 98 to 44 claims. These claims are in good standing in regard to assessment work

for a period of one and one-half years. Consideration will be given to diamond drill testing of these anomalies.

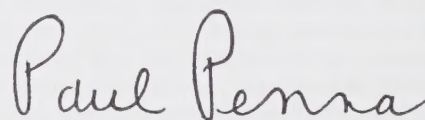
Montgomery Copper Property — Ontario

Status of the Company's 35 claim copper property in the Blind River-Iron Bridge area of Montgomery Township, Ontario, remains unchanged. Earlier diamond drilling to shallow depth has indicated a possible 184,500 tons grading 2.28% copper with an average width of 8.0 feet. Consideration is being given to doing further work on this property, including mining, should the price of copper stabilize at a reasonable level. The copper mineralization is contained in a strong quartz structure extending for three miles across the property.

Financial

During the year, the Company sold by way of private placement 600,000 treasury shares at a price of 65¢ per share for a total of \$390,000. Working capital at December 31, 1974 amounted to \$446,768 as compared with a restated figure for the corresponding year end period in 1973 of \$43,480. As shown in the appended Statement of Changes in Financial Position, the principal sources of working capital during 1974 were from the above-mentioned sale of treasury shares and a gain on the sale and revaluation of marketable securities amounting to \$112,058. Exploration expenditures during the year totalled \$72,161 and acquisition of mining equipment \$3,284.

On behalf of the Board of Directors,



President.

May 23, 1975.

SUDBURY CONTACT

MINES, LIMITED



FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31st, **1974**

BALANCE SHEET

ASSETS

CURRENT

Cash
Term deposits
Marketable securities, at lower of cost or market (market value 1974 — \$351,278; 1973 — \$232,187)
Loans receivable
Prepaid expenses and sundry receivable

FIXED, at cost

Equipment
Office furniture
Automotive equipment

Less: Accumulated depreciation

MINING CLAIMS AND OPTIONS, at cost (Note 2)

DEFERRED EXPLORATION EXPENDITURES

OTHER

Investment in other companies, at cost
— shares
— advances
Unlisted securities, at nominal value

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable and accrued charges
Due to broker, secured by certain marketable securities
Loan payable

SHAREHOLDERS' EQUITY

Capital
Authorized
9,000,000 Shares without par value
Issued and Fully Paid (Note 1)
6,586,250 Shares (1973 — 5,986,250 shares)

DEFICIT

The accompanying notes form an integral part of these financial statements.

To be read in conjunction with the Auditors' Report to the Shareholders attached hereto dated April 1, 1975

SUDBURY CONTACT MINES, LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

As at December 31

1974 1973

\$ 12,668	\$ 31,933
100,000	—
143,363	50,056
220,000	—
4,342	479
480,373	82,468
24,552	21,269
1,753	1,753
5,184	5,184
31,489	28,206
22,826	21,954
8,663	6,252
26,801	26,801
384,981	312,820
411,782	339,621
9,600	9,610
—	2,500
2	1
9,602	12,111
\$ 910,420	\$ 440,452

\$ 20,383	\$ 9,688
13,222	—
—	29,300
33,605	38,988

2,573,500	2,183,500
1,696,685	1,782,036
876,815	401,464
\$ 910,420	\$ 440,452

We have examined the balance sheet of Sudbury Contact Mines, Limited as at December 31, 1974 and the statements of administrative expenses, revenue and deficit, deferred exploration expenditures and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1974 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

STARKMAN, KRAFT, ROTHMAN, BERGER & GRILL
Chartered Accountants

Toronto, Ontario
April 1, 1975

Approved on behalf of the Board:

PAUL PENNA, Director.

ARCHIE BASEN, Director.

SUDBURY CONTACT MINES, LIMITED

STATEMENT OF ADMINISTRATIVE EXPENSES, REVENUE AND DEFICIT

EXPENSES	Year Ended December 31	
	1974	1973
Administration, office and accounting	\$ 9,600	\$ 9,600
Legal and audit	9,606	7,422
Bank charges and interest	260	5,116
Shareholders' information	8,411	4,591
Miscellaneous	8,164	2,836
Transfer agent fees	3,014	1,605
Depreciation — automotive equipment	697	1,378
— furniture and fixtures	175	175
Directors' fees	850	700
Licences and taxes	1,320	254
	<u>42,097</u>	<u>33,677</u>
Less: Gain on sale and revaluation of marketable securities	112,058	—
Interest and dividends earned	14,490	—
Sundry income	900	750
	<u>127,448</u>	<u>750</u>
ADMINISTRATIVE EXPENSES (REVENUE) BEFORE TAXES	(85,351)	32,927
Provision for income taxes	14,236	—
NET EXPENSES (REVENUE) BEFORE EXTRAORDINARY ITEM	(71,115)	32,927
Utilization of tax loss-carry-forward (Note 3)	14,236	—
NET EXPENSES (REVENUE) FOR THE YEAR	(85,351)	32,927
DEFICIT, beginning of year	1,782,036	1,749,109
DEFICIT, end of year	<u>\$1,696,685</u>	<u>\$1,782,036</u>

The accompanying notes form an integral part of these financial statements.

SUDBURY CONTACT MINES, LIMITED

STATEMENT OF DEFERRED EXPLORATION EXPENDITURES

EXPENDITURES DURING YEAR	Year Ended December 31	
	1974	1973
Cardinal Township, Quebec		
Consulting fees	\$ 6,167	\$ 12,479
Wages	5,004	5,813
General field expenses	2,640	2,402
Assays	2,150	2,611
Licences and taxes	503	980
	<u>16,464</u>	<u>24,285</u>
Hebecourt and Duparquet Townships, Quebec		
General field expenses	400	1,490
Consulting fees	304	1,849
Diamond drilling	—	10,809
Surveys	—	916
Wages	—	587
Assays	—	16
	<u>704</u>	<u>15,667</u>
Larder Lake Mining Division, Ontario		
Shaft rehabilitation	19,429	—
Consulting fees	16,500	—
Diamond drilling	15,823	—
Assaying	441	—
Licences and taxes	28	41
	<u>52,221</u>	<u>41</u>
Marmora Township, Ontario		
Consulting fees	2,243	4,316
General field expenses	86	—
Diamond drilling	—	6,860
Assays	—	88
Licences and taxes	—	63
	<u>2,329</u>	<u>11,327</u>
Other properties		
Licences, fees and taxes	443	347
EXPLORATION EXPENDITURES FOR THE YEAR	72,161	51,667
DEFERRED EXPLORATION EXPENDITURES — beginning of year	312,820	261,153
DEFERRED EXPLORATION EXPENDITURES — end of year	<u>\$ 384,981</u>	<u>\$ 312,820</u>

The accompanying notes form an integral part of these financial statements.

SUDBURY CONTACT MINES, LIMITED

SUMMARY OF DEFERRED EXPLORATION EXPENDITURES

	As at December 31	
	1974	1973
Montgomery Township, Ontario	\$ 166,861	\$ 166,419
Hebecourt and Duparquet Townships, Quebec	111,029	110,326
Cardinal Township, Quebec	40,750	24,285
Marmora Township, Ontario	13,656	11,327
Thunder Bay Area, Ontario	422	422
Larder Lake Mining Division, Ontario	52,263	41
	<u>\$ 384,981</u>	<u>\$ 312,820</u>

STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year Ended December 31	
	1974	1973
SOURCES OF WORKING CAPITAL		
Gain on sale and revaluation of marketable securities	\$ 112,058	\$ —
Other income	15,390	750
Sale of capital stock	390,000	143,000
	<u>517,448</u>	<u>143,750</u>
APPLICATION OF WORKING CAPITAL		
Administrative expenses	42,097	33,677
Less: Non-current charges to income		
— depreciation	(872)	(1,554)
— investment written off	(2,510)	—
	<u>38,715</u>	<u>32,123</u>
Exploration expenditures	72,161	51,667
Acquisition of mining equipment	3,284	—
Acquisition of mining claims	—	17,501
	<u>114,160</u>	<u>101,291</u>
INCREASE IN WORKING CAPITAL	403,288	42,459
WORKING CAPITAL, beginning of year	43,480	1,021
WORKING CAPITAL, end of year	<u>\$ 446,768</u>	<u>\$ 43,480</u>

The accompanying notes form an integral part of these financial statements.

SUDBURY CONTACT MINES, LIMITED

NOTES TO FINANCIAL STATEMENTS

December 31, 1974

1. CAPITAL

During the year the company received supplementary letters patent to increase its authorized capital to 9,000,000 shares and issued by way of private placement 600,000 shares of capital stock at 65¢ per share for a total of \$390,000.

2. MINING CLAIMS AND PROPERTIES

The company has acquired a working option on 51 claims in the Larder Lake Mining Division, Ontario to July 17, 1980. If the company spends \$500,000 on exploration and development, the option will be extended for 3 more years. If production is reached, the claims will be transferred to the company subject to a 15% royalty payable to the optionor.

Pursuant to an agreement dated November 6, 1972 the company optioned its Hebecourt claims to another mining company. If the other company spends \$500,000 by November 5, 1975 it will earn a 67% interest.

The amounts shown for deferred exploration expenditures represent costs to date less amounts written off and are not intended to reflect present or future values.

3. EXTRAORDINARY ITEM

The company has loss-carry-forwards available for income tax purposes amounting to approximately \$103,000 at December 31, 1974 which expire by 1977.

4. PRIOR YEAR FIGURES

Certain 1973 figures have been reclassified to conform with the presentation adopted for 1974.

5. OTHER STATUTORY INFORMATION

Remuneration of directors and senior officers as defined by the Business Corporations Act aggregated \$5,674.



SUDBURY CONTACT MINES,
LIMITED

*Statement of Deferred Exploration
Expenditures (Unaudited)*

	Six Months Ended June 30	
	1974	1973
LARDER LAKE MINING DIVISION, ONTARIO		
Diamond drilling	\$ 4,393	\$ —
Consulting	4,168	—
General field expense	28	—
	<u>8,589</u>	<u>—</u>
CARDINAL TOWNSHIP, QUEBEC		
Wages and employee benefits	2,391	—
Consulting	1,850	2,182
General field expense	1,664	1,654
Assaying	175	—
Licences, fees and taxes	63	—
	<u>6,143</u>	<u>3,836</u>
MARMORA TOWNSHIP, ONTARIO		
Consulting	1,170	—
General field expense	85	—
	<u>1,255</u>	<u>—</u>
HEBECOURT AND DUPARQUET TOWNSHIPS, QUEBEC		
Diamond drilling	—	10,809
Consulting	—	6,390
Wages and employee benefits	—	2,853
General field expenses	—	1,490
Surveys	—	916
Depreciation, vehicles	—	689
Licences, fees and taxes	—	61
Assaying	—	16
	<u>—</u>	<u>23,224</u>
OTHER PROPERTIES		
Licences, fees and taxes	340	7
	<u>16,327</u>	<u>27,067</u>
DEFERRED EXPLORATION EX- PENDITURES, beginning of period	312,820	261,153
DEFERRED EXPLORATION EX- PENDITURES, end of period	<u>\$ 329,147</u>	<u>\$ 288,220</u>

SUDBURY CONTACT MINES,
LIMITED

*Summary of Deferred Exploration
Expenditures (Unaudited)*

	As at June 30	
	1974	1973
Montgomery Township	\$ 166,758	\$ 166,078
Hebecourt and Duparquet Township	110,326	117,883
Cardinal Township	30,428	3,836
Marmora Township	12,582	—
Larder Lake Mining Division	8,630	—
Thunder Bay Area	423	423
	<u>\$ 329,147</u>	<u>\$ 288,220</u>

*Statement of Source and
Application of Funds (Unaudited)*

	Six Months Ended June 30	
	1974	1973
SOURCE OF FUNDS		
Gain on sale of marketable securities	\$ 126,747	\$ —
Advances from affiliated company	—	35,300
	<u>126,747</u>	<u>35,300</u>
APPLICATION OF FUNDS		
Repayment of advances to affiliated company	\$ 29,300	—
Administrative expenses	15,161	13,869
Less: Depreciation	(607)	(88)
	<u>43,854</u>	<u>13,781</u>
Exploration expenditures less depreciation	16,327	26,377
Acquisition of mining claims	—	2,500
	<u>60,181</u>	<u>42,658</u>
INCREASE (DECREASE) IN WORKING CAPITAL	66,566	(7,358)
WORKING CAPITAL, beginning of period	72,780	15,521
WORKING CAPITAL, end of period	<u>\$ 139,346</u>	<u>\$ 8,163</u>

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**SEMI
ANNUAL
REPORT**



FOR THE PERIOD ENDED JUNE 30

1974

SUDBURY CONTACT MINES, LIMITED

(Incorporated under the laws of the
Province of Ontario)

Executive and Head Office
Suite 300, 365 Bay Street
Toronto, Ontario M5H 2V1

To the Shareholders:

The Directors present the unaudited comparative financial statements of the Company for the six months ended June 30, 1974 and the following review of activities during the period together with a summary of presently planned exploration.

At the Annual and General Meeting held June 14, 1974 shareholders approved the increase in the Company's authorized capital from 6,000,000 shares without par value to 9,000,000 shares. The purpose of which was to provide additional treasury shares for necessary financing of the various programs of exploration on the Company's properties, particularly with respect to the gold prospect group consisting of 51 claims in the Kirkland-Larder Lake gold area of Ontario.

The Company is presently negotiating the sale of a block of treasury shares under private placement and it is anticipated that upon completion of these arrangements a sum of approximately \$400,000 will be realized. This transaction will be subject to acceptance for filing by the regulatory authorities involved.

As shown on the accompanying statement of source and application of funds, working capital at June 30, 1974 amounted to \$139,346 compared with \$72,780 at December 31, 1973. Present working capital together with the funds to be obtained upon completion of the private placement sale of treasury shares should adequately provide for the presently planned programs of exploration.

Kirkland-Larder Lake Gold Property — Ontario

A substantial program of exploration is currently scheduled for this large claim assemblage (51 claims) covering several gold prospects including the Laguerre and Raven River mines, both of which are developed by a shaft. Gold mineralization at these two mines occurs in syenite stocks.

During June and July of this year a program of confirmation surface diamond drilling, consisting of four holes, was carried out in the vicinity of the Laguerre mine. The results of this drilling were somewhat inconclusive with comparatively low values obtained the best of which was an intersection of 0.162 ounce of gold per ton over a core length of 30.2 feet which included some narrower sections of higher grade.

Owing to the erratic nature of the gold bearing lenses it is believed that more accurate and efficient

evaluation can be made by underground drilling. Initially this will be concentrated on the Laguerre mine where the shaft extends to a depth of 790 feet below surface with four levels established at the 250, 420, 590 and 760 foot horizons. Underground development work carried out by the former operators included lateral development on the 250 and 760 foot levels plus underground diamond drilling, the bulk of which was carried out from the latter or bottom level.

It was reported that the syenite body on the 760 foot level is 450 feet long by 70 feet wide with gold values throughout but for the most part below commercial grade at the \$35.00 gold price prevailing at the time of the most recent work in 1947.

The first phase of the program as presently envisaged will include dewatering the shaft and underground workings, installation of a headframe and mining plant preparatory to some lateral work with principal emphasis on the 760 foot level plus some 16,000 to 18,000 feet of underground diamond drilling. There are several other interesting targets on this large property warranting investigation including the former producing Raven River mine which is about 2,500 feet east and south of the Laguerre shaft.

The tentative budget for the present phase of the program is between \$400,000 and \$450,000. It is anticipated that this program will be commenced during the next month or so to enable continuity of work during the coming winter. Specific details of this projected phase of the program are now being finalized.

Hebecourt Property — Noranda Area, Quebec

Work on your Company's 1,750 acre claim group in Hebecourt Township is continuing under the 1972 agreement with Falconbridge Nickel Mines Limited. The program involves extensive exploration of a favourable rhyolite structure extending across the property for a length of 2.5 miles. Following the initial core diamond drilling program earlier this year which intersected substantial widths of low grade zinc and some interesting copper values in the test of a geochemical anomaly, Falconbridge carried out a comprehensive I.P. (induced polarization) survey over the entire rhyolite band.

Drilling of interesting indications resulting from this survey is planned in the near future. The program may also include further drilling in the vicinity of a geochemical anomaly where the above mentioned zinc-copper intersections were obtained.

Cabonga Area Properties — Quebec

Preliminary results from a detailed investigation of a geochemically anomalous area on the north claim (48 claims) group returned high copper values in soil tests with partly coincident magnetic and electromagnetic anomalies. On the south claim group (50 claims) a circular structure, anomalous

in nickel from soil tests, will be investigated in detail by geophysics. Background for this project is the favourable geological environment which is considered to be similar to that of the Renzy Lake nickel deposit. A tentative budget of \$30,000 has been allocated to this project.

General

Your Company's currently projected underground program in the Kirkland-Larder Lake gold area of Ontario presents a major exploration target in a favourable geological setting. The assemblage of this large property consisting of 51 contiguous claims and covering, in addition to the Raven River and Laguerre mines with their known gold mineralization, other gold occurrences, was the result of considerable research and negotiation during the early part of 1973 when gold prices were appreciably lower than those currently prevailing.

Both the Raven River and Laguerre mines were developed to only comparatively shallow depths and while the indicated and recovered grades were probably uneconomic at the old \$35 gold price, the present environment of gold prices around \$150 per ounce provides an entirely different concept. It is notable, for instance, in respect of the former modest 50-ton per day operation of the Raven River mine which milled 40,452 tons averaging 0.186 ounce of gold per ton in the period from late 1937 to mid-1939, that old company reports "using information gained from lateral work and diamond drilling there is estimated to be at least 11 million tons grading 0.051 oz. gold per ton in two syenite plugs to a depth of 2,000 feet." The main plug measures 180 x 350 feet and the other plug is 120 feet in diameter.

At the nearby Laguerre mine, it was reported that the syenite body on the 760 foot level is 450 feet long by 70 feet wide with gold values throughout but for the most part below commercial grade at the \$35 gold price in existence in 1947. The syenite and syenite porphyry are the main host conditions for the gold ore zones at Kirkland Lake-Larder Lake producers, both past and present.

The present undertaking on this large claim assemblage with its tentative exploration budget of \$400,000 to \$450,000 for the initial phase, provides a most interesting program for your Company.

On behalf of the Board of Directors,

Paul Penna

President

August 30, 1974